

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Session

December 7, 2009
8:00 p.m.

Council Chamber
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Balducci, and Councilmembers Chelminiak, Davidson, Lee, Robertson, and Wallace

ABSENT: None.

1. Call to Order

The meeting was called to order at 8:08 p.m., with Mayor Degginger presiding.

2. Roll Call, Flag Salute

Upon roll call, all Councilmembers were present. The Cascade District Eagle Scouts led the flag salute. Mayor Degginger thanked the Eagle Scouts for their presentation of the colors.

Diane Pottinger, Cascade District Advancements Chairman, explained that the Cascade District represents Eagle Scouts from Bellevue, Mercer Island, Clyde Hill, Issaquah, Kirkland, Medina, Newcastle, Renton and Yarrow Point. The District has been holding Eagle boards of review twice per month at Bellevue City Hall since May 2007. The Eagle Scouts earn a number of badges and must plan and execute a project for a nonprofit organization, before completing a board of review interview. In 2009, 73 Cascade District Eagle Scouts earned their rank, donating approximately 10,500 volunteer hours for the Bellevue community. The Eagle Scouts stepped up to the podium to introduce themselves and to state their nonprofit projects.

Ms. Pottinger thanked retired Police Officer Bob Oliver for his help with more than 20 younger scouts that participated in the DARE program. She noted that successful scouting requires the help of many volunteers, including those who serve on the board of review. Ms. Pottinger said the scouts donated more than \$105,000 of labor to the community during 2009. The Boy Scouts organization is turning 100 years old in 2010. Ms. Pottinger asked the Council to forward any ideas for future projects to her. She thanked the Council for its support.

Mayor Degginger thanked Ms. Pottinger and the adult team for shepherding these scouts. He noted the importance of this program and thanked the Eagle Scouts for their impressive community service. He thanked the parents of scouts for their support as well.

3. Communications: Written and Oral

- (a) Rod Bindon, Co-Chair of Meydenbauer Bay Yacht Club Community and Governmental Relations Committee, observed that today is the 68th anniversary of Pearl Harbor and an appropriate day to have a discussion about boat moorage. He noted he is also a member of the Meydenbauer Bay Neighbors Association, and he is speaking on behalf of both groups. Mr. Bindon explained that a number of moorage slips at Meydenbauer Bay are unusable due to siltation, and these represent a loss of income for the yacht club. The yacht club and neighborhood association are concerned that the Meydenbauer Bay Steering Committee recommends a further reduction in the number of boat slips. Mr. Bindon said residents support the construction of a new waterfront park that can coexist with a thriving marina. He suggested the City hire a marina design consultant to develop a concept for incorporating the marina into the park plan. Mr. Bindon shared his personal story of a career in the Navy that began with his boating from Dock #3 at Meydenbauer Bay. He submitted his comments in writing.
- (b) David Christiansen, representing Stop Knotty Bodies, thanked the Council for its time and efforts to address the community's concerns about the adult-oriented espresso stand. He asked the City to also investigate the espresso stand at 148th Avenue and Main Street. Residents have similar concerns about this business due to its proximity to homes, Hopelink, churches, and schools. He questioned whether its drive-through access is permitted. Mr. Christiansen asked City staff to provide an update to his group, which is working with other jurisdictions and community groups to exchange ideas for regulating these businesses.
- (c) Will Knedlik, President of Eastside Rail Now, spoke regarding light rail and the need for Bellevue to obtain a seat on the Sound Transit Board. He encouraged the Council to oppose a proposed change to the Sound Transit Scope Control Policy, to be voted on this week by the Sound Transit Board. He noted inequities in terms of the quality of Seattle versus Eastside facilities and in the level of reimbursement provided for utilities, law enforcement, and other related costs. Mr. Knedlik submitted copies of the proposed policy to the Council. He stated that East King County should be reimbursed for at least \$615 million by the Seattle-North King County Subarea, which includes \$341 million as its proportional share of federal grant funds.
- (d) Gerald Wright expressed gratitude for the efforts of the community in its support of the Month of Caring Food Drive. More than 77,000 pounds of food were collected between September 26 and October 24.
- (e) Karen Morris spoke regarding the bikini barista stands. She attended a public hearing last week before the Snohomish County Council regarding this issue. She left that meeting feeling even more convinced that these business activities should be more strictly regulated as adult entertainment. She encouraged the Council to review the definitions of lewd conduct and public places.

4. Reports of Community Council, Boards and Commissions: None.

5. Report of the City Manager: None.

6. Council Business and New Initiatives

Councilmember Chelminiak attended a meeting of the Economic Development District in which recommendations were made for EDA Grants. Kirkland's Park Place project was the highest rated grant recipient. He noted a brief conversation with Dave Gossett of the Snohomish County Council about the bikini barista issue. Snohomish County is moving ahead with its ordinance.

Deputy Mayor Balducci reported on her family's participation in a number of holiday events including Garden D'Lights at the Bellevue Botanical Garden. She encouraged citizens to enjoy the festivities that the community has to offer.

Dr. Davidson attended a meeting of the Regional Water Quality Committee, which continues to debate reclaimed water comprehensive planning.

Councilmember Wallace attended the Bellevue Downtown Association (BDA) breakfast at which King County Executive Dow Constantine was the speaker. Mr. Wallace presented his vision line proposal to the BDA light rail committee last week. He noted his intent to make a motion under the next agenda item to amend tonight's meeting agenda.

Councilmember Lee attended the BDA breakfast as well. He noted that the King County Executive indicated he would appoint someone from Bellevue to be on the Sound Transit Board. Mr. Lee said Bellevue should advocate for a permanent seat on the Board.

Mayor Degginger reported on his attendance at Magic Season activities. He attended a meeting of the Puget Sound Regional Council (PSRC) Executive Committee.

7. Approval of the Agenda

→ Deputy Mayor Balducci moved to approve the agenda, and Councilmember Chelminiak seconded the motion.

Responding to Mayor Degginger, City Clerk Myrna Basich indicated that this is an appropriate time for a motion to amend the agenda.

→ Councilmember Wallace moved to amend the agenda to add, under Unfinished Business, Council discussion and consideration of revisions to Council's direction of February 23, 2009, with respect to the Council's preferred East Link alignments, and to submit a letter from the City to Sound Transit's Board of Directors to express the Council's updated preferences on light rail routing options in Segment B and C, along with a request to eliminate C4A and C3T as preferred alternatives and to conduct additional studies of noise impacts. Councilmember Lee seconded the motion.

Deputy Mayor Balducci observed that in her six years on the Council, there has not been any instance of a motion to add a substantive issue to the agenda without previous notice to the Council. She suggested the topic be slated for next week to give the Council and the public sufficient time to study and address the issue.

Councilmember Wallace said there is a need for quick action, as the Sound Transit Board will be meeting on December 10. He would like to modify the Council's input to Sound Transit about the East Link light rail system.

Ms. Balducci observed that she is not aware of any irrevocable action scheduled for the Sound Transit Board this week. She does not understand the urgency, and she stated that more discussion is needed to consider substantive changes to the Council's previous direction.

Councilmember Wallace stated his understanding that on the Sound Transit Board agenda is a discussion of the consideration of new alternatives for Segment C. He also understands that a letter was transmitted from the Mayor to Sound Transit requesting a study of the alignments in Segment C, including five options that have not been discussed by the Council.

Mayor Degginger explained that the letter sent last week requested further analysis of Mr. Wallace's proposal with respect to its impact to the downtown, which has not been previously studied. With respect to the remainder of Councilmember Wallace's proposed options, B7 is already being studied by Sound Transit. Mr. Degginger said the draft letter proposed by Mr. Wallace tonight takes positions on items that have not been formalized by the Council.

Mayor Degginger said the City Council is never asked to review and decide policy within the same night on a policy document as significant as this project. Regarding the draft letter's statement about the City's financial ability to contribute to tunnel costs, Mr. Degginger noted that a committee of executives is looking at the financial feasibility issues and has not yet completed its work. The City Council would not want to take a position before listening to the outcome of this committee's work.

Deputy Mayor Balducci stated that every Councilmember has the right to bring forward issues. However, a reasonable amount of time is needed to consider Mr. Wallace's proposal.

Councilmember Davidson noted the letter sent by the Mayor to Sound Transit dated December 3. Dr. Davidson observed that it is not unreasonable to place the item on the agenda in order to discuss Mr. Wallace's draft letter.

Ms. Balducci reiterated that she is only asking for a week to fully review the proposal provided to Councilmembers today. She is not failing to recognize the importance of the matter or of every Councilmembers' contribution.

Councilmember Lee noted the importance of this critical, substantive issue. He said if Mr. Wallace is correct that the issue is urgent, the Council should address the matter. Mr. Lee said he is unclear about what the committee is studying. He noted the need for a clear message to Sound Transit about Bellevue's preferences with regard to light rail.

Councilmember Chelminiak recalled that there has been Council discussion regarding the letter ultimately sent from the Mayor to Sound Transit regarding Segment C. Mr. Chelminiak said he is confused over the nomenclature in Mr. Wallace's proposal because the vision line previously referred to options B7 and C2T, and that has apparently changed. Mr. Chelminiak stated his understanding that the park and ride lot in Segment B has been and remains under study by Sound Transit. Mr. Chelminiak questioned whether Mr. Wallace is asking the Council to endorse the location of the downtown station on 114th Avenue.

Mr. Wallace stated that his draft letter addresses Segments B and C. A letter has already gone out regarding Segment C, asking for a review of the vision line alignment plus four others. The letter omitted any discussion about Segment B. Mr. Wallace stated that it is clear in his mind, based on his campaign over the past year and the positions of three other Councilmembers, that B7 is now the majority preference of the Council. He opined that sending a letter to Sound Transit that only identifies Segment C and ignores Segment B is not fair to the voters and is not fair to new and reelected Councilmembers. Mr. Wallace said he made every effort to get his letter out before tonight's meeting. He believes that all Councilmembers have been adequately briefed through a number of public meetings and ongoing debate. He sees no need for continued additional study and conversation in order to make an informed decision about this subject.

Councilmember Chelminiak stated that this is a major shift, to present a significant substantive proposal to the Council without advance notice. The Council had extensive factual debate leading up to its identification of a preferred alternative, and continuing the discussion with Sound Transit is critically important and ongoing. The Council's position has been that B7 is the preferred backup alternative to the modified B3 side-running alignment. Mr. Chelminiak said he is not willing to rule out anything at this point, as it is important to keep options on the table. He noted that Mr. Wallace is proposing to eliminate certain options that are still within Sound Transit's preferred alternative. Mr. Chelminiak said he does not see how that benefits the City of Bellevue. He has not had the chance to read Mr. Wallace's draft letter, and he is not prepared to change the Council's prior direction without significant additional fact-finding and study.

Mayor Degginger said the proposed letter states that the vision line alignment is described in detail in the enclosed Bellevue LRT alignment assessment. Mr. Degginger said the Council has never discussed this report. He noted that the report states that it is not intended to nor should it be relied upon by any third party. Yet Mr. Wallace proposes transmitting the report and asking Sound Transit to adopt this option as preferred alignment. Mr. Degginger said the document indicates that it is not a complete report but rather the first phase of addressing the system. It does not contain any of the information that the City is asking Sound Transit to study.

Mayor Degginger said the Council does not typically proceed in this manner. However, he is open to further discussion during an upcoming Study Session.

Deputy Mayor Balducci observed that the motion is about adding an item to the agenda. She said she will accept Councilmember Wallace's statement that he tried to get the draft letter to the Council as soon as possible. However, she received it via email at noon today, and she was not able to read it until later this afternoon. She is not prepared to vote on a lengthy, substantive

letter tonight. She recalled past instances in which a Councilmember has asked the Council to not vote in his or her absence, or to hold off on an issue to allow time for further study. In this tradition of respect for the Council and its processes, Ms. Balducci requested the courtesy of one week to review the draft letter and to allow the public to comment as well.

Ms. Balducci noted that the letter to Sound Transit from the Mayor last week was approved in advance by the Council. She stated it was unfair of Councilmember Wallace to imply that the letter was a unilateral decision by the Mayor. Ms. Balducci reiterated that there is no urgency to take action tonight in terms of the Council's ability to provide input to Sound Transit. She is concerned about the tone of tonight's discussion, which is a departure from how the Council has conducted business in the past even when dealing with contentious issues.

Councilmember Davidson stated that given that December 10 is not a deadline for submitting comments to the Sound Transit Board, he concurs with the suggestion to defer discussion of Mr. Wallace's proposal to a future meeting.

Mayor Degginger commented that he met with other Eastside cities who were interested in providing input to the Sound Transit Board for its December 10 meeting. Deputy Mayor Balducci recalled that earlier in the year there was a December deadline for Bellevue to identify additional funding sources. However, that deadline has been extended.

Councilmember Wallace stated that he was not trying to rush a Council decision, but he was concerned about providing additional input to the Sound Transit Board about what he considers to be the new views of the Council. He understands and respects Councilmembers' comments about the need for a more thorough process.

Mr. Wallace noted a willingness to withdraw his motion, with a request that the Mayor ask Sound Transit to leave the door open for further discussion on Segment B alternatives. Mr. Wallace wants to ensure that the Council has the opportunity to fully vet the issue, and to perhaps submit another letter stating the revised position of the Council with respect to East Link.

Responding to Mayor Degginger, Mr. Wallace said he is asking for the Mayor's outreach to Sound Transit to request sufficient time to study and discuss the issues, in order for all seven Councilmembers to feel they have had an appropriate time to review and provide input.

Mayor Degginger confirmed that he will ask staff to communicate with Sound Transit about the timetable for providing additional comments. Diane Carlson, Director of Intergovernmental Relations, stated her understanding that Sound Transit will conduct additional analysis through January. The Council will be able to provide additional input through at least the end of January.

→ Councilmember Wallace withdrew his motion, and Councilmember Lee concurred.

Councilmember Lee reiterated his ongoing concern that Sound Transit is not giving sufficient weight to Bellevue's preferred alignments.

→ The motion to approve the agenda as published carried by a vote of 7-0.

8. Consent Calendar

→ Deputy Mayor Balducci moved to approve the Consent Calendar, and Councilmember Chelminiak seconded the motion.

→ The motion to approve the Consent Calendar carried by a vote of 7-0, and the following items were approved:

(a) Minutes of October 26, 2009 Extended Study Session

(b) Security Contract for City Hall, BSC, Lincoln Center, Surrey Downs and Safeway Property *[Postponed from November 16, 2009, Consent Calendar]*

Resolution No. 8001 authorizing execution of a two-year professional services agreement, with the option to renew for an additional two years, with G4S Wackenhut in a total contract amount not to exceed \$500,828.88 for security services at City general government buildings for 2010-2011.

(c) Resolution No. 8011 authorizing execution of a two-year agreement, with the option to renew for an additional two years, with Pacific Northwest Title Insurance Company, in an amount not to exceed \$150,000, for title and escrow services.

(d) Resolution No. 8012 authorizing execution of the ORCA card agreement with King County for the purchase and distribution of the annual 2010 ORCA cards (previously referred to as FlexPasses) to City employees.

(e) Resolution No. 8013 authorizing execution of a two-year banking services agreement with Bank of America, N. A. for general banking services in an estimated total amount of \$679,000 for the two-year term, with the option to extend the contract for an additional two years.

(f) On-Call General Services Contracts

Resolution No. 8014 authorizing execution of a contract with Elite Landscaping Inc., in an amount not to exceed \$100,000 for citywide on-call parking lot, sidewalk, and walkway snow removal and de-icer services.

Resolution No. 8015 authorizing execution of a contract with Santana Trucking & Excavating, Inc., in an amount not to exceed \$100,000 for citywide on-call parking lot, sidewalk, and walkway snow removal and de-icer services.

(g) Resolution No. 8016 authorizing execution of a one-year administrative services contract with Premier Blue Cross as a Third Party Administrator, to administer

the City's self-insured medical and prescription drug benefit programs for 2010.

- (h) Resolution No. 8017 authorizing execution of an agreement with the Boys and Girls Club of Bellevue (BGCB), in an amount up to \$86,500, to continue the operation of the Ground Zero Teen Center and BGCB satellite sites in partnership with the City.
- (i) Resolution No. 8018 authorizing execution of Amendment No. 2 to the Marymoor Park Interlocal Agreement with King County, in an amount not to exceed \$170,000 for a three-year term, for the maintenance and operation of the Bellevue/King County Marymoor Ballfield Complex.
- (j) Motion to award Bid No. 9319 to SeaWest Construction, Inc., in the amount of \$48,143.00, as the lowest responsible bidder for the Eastgate Sportsfield Fence Replacement project (CIP Project No. P-R-11).
- (k) Resolution No. 8019 authorizing execution of a professional services agreement with RH2 Engineering, Inc., in an amount not to exceed \$65,000, for engineering services to perform the West Operating Area Storage Capacity Study (CIP Plan No. W-103).
- (l) Resolution No. 8020 authorizing execution of a professional services agreement with Tetra Tech, in an amount not to exceed \$105,000, for engineering services to perform the Sewer Lake Line Replacement Preliminary Study for Lake Washington (CIP Plan No. S-58).
- (m) Resolution No. 8021 authorizing the execution of a Funding Agreement with Performing Arts Center Eastside ("PACE") in an amount not to exceed \$2,000,000 from the Cultural Arts Funding Earmark in the 2009-2010 Budget.

9. Public Hearings: None.

10. Land Use: None.

11. Other Ordinances, Resolutions and Motions

(a) Mid-Biennium Budget Adoption

(1) Property Tax and Resulting Banked Capacity

- a. Scenario 1 and Scenario 2 - 3% property tax increase to support the Mobility and Infrastructure Initiative and corresponding adjustment to the City's banked property tax capacity. (Scenario 2 contemplates a companion vote at Item 2 below to reduce the sewer utility tax rate.)

- b. Scenario 3 - 2% property tax increase to support the Mobility and Infrastructure Initiative and corresponding adjustment to the City's banked property tax capacity.
- c. Scenario 4 - 1% property tax increase to support the Mobility and Infrastructure Initiative and corresponding adjustment to the City's banked property tax capacity.
- d. Scenario 5 - No property tax increase to support the Mobility and Infrastructure Initiative and corresponding adjustment to the City's banked property tax capacity.

Mayor Degginger noted that the Council started this discussion during the earlier Study Session. He said the Council must reach a decision tonight with respect to the property tax rate and the resolution regarding banked property tax capacity. He found the earlier discussion regarding the role of the property tax to be helpful, and thanked staff for developing a range of scenarios for Council consideration.

→ Councilmember Chelminiak moved to adopt Ordinance No. 5918-A establishing a property tax increase of three percent for the year 2010, and Deputy Mayor Balducci seconded the motion.

Councilmember Chelminiak expressed support for Scenario 2, which was discussed last week. He observed that the earlier Study Session provided examples of good policy including the Bellevue Youth Theatre project. He recalled discussions in 2006 regarding the 2007-2008 budget, at which time the Council initiated the Supplemental CIP (Capital Investment Program) Plan. The Council earmarked some monies in the Council Contingency Fund for groups including PACE (Performing Arts Center Eastside), Bellevue Arts Museum, and KidsQuest Museum. The Council also set aside funds for challenge grants for certain organizations and neighborhood projects, including sidewalk projects that have been completed under budget.

Mr. Chelminiak explained that in recent years the Council also embarked on a long-range financial planning strategy, which was initiated by Councilmember Lee. There was a strong focus on transportation projects in response to the community's identifying transportation as a top priority. The Supplemental CIP and Mobility and Infrastructure Initiative directly addressed transportation needs, with the latter being an outgrowth of the Bel-Red planning process over approximately two years. The Bel-Red process included extensive involvement of a steering committee, Boards and Commissions, the City Council, and the community. An important component of this planning effort relates to parks and open space, and as a result citizens approved a parks and recreation levy despite the difficult economy.

Mr. Chelminiak reviewed that nine Councilmembers, including four mayors and two deputy mayors, have voted to support the Supplemental CIP and Mobility and Infrastructure Initiative. He noted that Councilmember Lee, who is vigilant in his monitoring of the bottom line and impacts on taxpayers, supported both plans. Councilmember Bonincontri studied and supported the plans. Councilmember Noble supported the plans.

Mr. Chelminiak said the community has supported these planning efforts as well, and the Council has received no public comment expressing concern about a potential increase in the property tax representing a per household impact of roughly \$10-20 annually. He has heard some Councilmembers express an interest in providing some tax relief to citizens. Mr. Chelminiak suggested that it would make more sense to adjust the utility tax as this would not threaten the capital budget, which creates jobs. He observed that the three things that are important are education, the environment, and the economy. He noted the earlier discussion about education and the potential Bellevue School District levy.

Mr. Chelminiak stated that education, the environment, and the economy will benefit from the capital projects, which will cost the average homeowner in Bellevue \$17 in 2010. He noted his pride in the Bellevue community and urged the Council to support the motion. He reiterated that he is open to supporting a reduction in the utility tax.

Councilmember Lee observed that the economic climate has changed, and he would therefore prefer to hold the line on the property tax. He disagreed with inferences that some Councilmembers are not willing to maintain the Council's previous commitments to capital projects. His view is that the Council's role is to be fiscally responsible and to determine the appropriate timing for projects. While the property tax increase represents a few dollars per household, families are struggling and expenses add up.

→ As a substitute motion, Councilmember Lee moved to not adjust the property tax for 2010, and to adopt Ordinance No. 5918-D. Councilmember Davidson seconded the motion.

Councilmember Lee indicated that he has information from staff that some projects can be deferred to later years with no negative impacts. He reiterated that families are hurting, and economic recovery is not in sight. Mr. Lee said good financial management is more than looking at revenue, but it involves controlling spending as well. He suggested moving beyond debate about an annual property tax increase of \$17, to thoroughly reviewing the budget next year. Mr. Lee noted that the Port of Seattle recently lowered its property tax rate.

Councilmember Davidson said he supports the motion. He assumes that the \$7.4 million in the Supplemental CIP is still available, although it is not described in Option 5. He noted that he should not be expected to vote in the same way that he did 25 years ago because the environment has changed. He feels that an increase in the property tax will further burden people who are struggling. Dr. Davidson stated that there are new Councilmembers, and past Councils should not tie the hands of subsequent Councils. He reiterated his ongoing concerns about the silo approach to capital budgeting, with no consistent policies to address financing. While the Council has done a good job of identifying the issues, it has not set criteria for how to control spending in the future to maintain a balanced budget.

Dr. Davidson opined that the good news right now is that there are not a lot of growth pressures. However without the growth, the City cannot have the partnership with the property tax as originally conceived in the capital plans. He suggested that the Council spend six months

working with staff to review various options. He stated that the Council needs to have comprehensive discussions to set financial policies to guide the next biennium budget. Dr. Davidson supports holding the line on capital spending at this time.

Deputy Mayor Balducci stated her support for the original motion to adopt Ordinance No. 5918-A and Scenario 2. She recalled that the Council had extensive discussions to develop a long-range financing plan, especially to implement important infrastructure needs. The Council adopted a resolution in support of the finance strategy that was ultimately developed. The Council was aware at that time that the economy was experiencing a downturn. However, the Council was also aware that the economy is cyclical and will experience ups and downs.

Ms. Balducci encouraged the Council to affirm its commitments by continuing to fund the Supplemental CIP and Mobility and Infrastructure Initiative plans. While she understands that some Councilmembers were not involved in those decisions, she does not see a benefit in the Council changing its direction without a compelling reason. Ms. Balducci noted that businesses like certainty and prefer to see the City avoid precipitous changes in direction. Deputy Mayor Balducci said the Chamber of Commerce, Bellevue Downtown Association (BDA), and Wright Runstad, the largest developer in the Bel-Red corridor all support staying on course with the Mobility and Infrastructure Initiative.

Ms. Balducci stated that it is to the community's benefit that the City continue with infrastructure investments in order to facilitate development and economic growth when the recession starts to turn around. She would like the City to be able to take advantage of current favorable funding and bidding environments. She expressed concern that the City will not be able to continue to benefit from growth without providing infrastructure in a reliable way. A commitment to provide infrastructure equates to funding projects.

Ms. Balducci noted an additional concern regarding the loss of grant revenues if certain projects are not supported by the City. She fully supports working through budget issues of concern including the M&O (maintenance and operations) transfer between the operating and capital budgets. However, these issues were known when the Supplemental CIP and Mobility and Infrastructure Initiative were adopted by the Council. Ms. Balducci endorsed a thorough review of the budget in 2010, to include a robust public process engaging Bellevue citizens. Deputy Mayor Balducci said she will vote against the substitute motion.

Councilmember Robertson expressed support for long-term transportation funding and planning. She plans to fund transportation projects for the duration of her term on the Council, because she understands that transportation infrastructure is important in making Bellevue a better place to live, work, and do business. Ms. Robertson said she looks forward to a thorough review of the budget next year to prioritize funding. However, given the current economy she is not in favor of raising taxes. She will support the substitute motion.

Councilmember Wallace thanked the Council and staff for their leadership efforts in 2009. He expressed support for the Supplemental CIP and Mobility and Infrastructure Initiative plans. He expressed concern about increasing property taxes in this time of decreased property values. Mr. Wallace stated that the proposed 2010 three percent property tax increase would generate \$10.5

million. He is in favor of deferring Mobility and Infrastructure Initiative projects beyond 2010. However, he would like to preserve funding for the NE 4th Street project to avoid losing grant funding. Mr. Wallace said he is not suggesting a radical change to the City's plans but would like to take a pause. He expressed support for the substitute motion.

Mayor Degginger concurred with Councilmember Chelminiak's perspective that in essence this discussion is about how we define this city, and whether we are moving forward or backward. Mr. Degginger said Bellevue is a city of innovators, and this cannot be taken for granted. The City must be able to continue to provide a high quality of life, and this is achieved by setting a plan and following through on funding and implementing the City's commitments.

Mr. Degginger said it feels counter intuitive for the Council to be disagreeing over a relatively small amount of dollars, which are targeted to provide projects strongly supported by the business community and residents, and projects that are consistent with the long-term financial plan for the City including the top community priority of mobility. Mr. Degginger observed that it is also counter intuitive from the standpoint of facilitating growth, and creating and retaining jobs within the community. He cautioned that businesses could chose to move elsewhere if mobility becomes too difficult and the quality of life is not maintained. He stated that Bellevue is a strong community because of its schools, parks, public safety, and other amenities and infrastructure.

Mayor Degginger reiterated that residents and businesses consistently rate transportation and mobility as the most important issues and priorities. He observed that it is always dangerous to pause because typically the competition does not. The Supplemental CIP and Mobility and Infrastructure plans were designed around a long-term strategy for continuing to move the City forward. Mayor Degginger said he is troubled by the current discussion and concerned about taking any steps backwards from policies that have been supported through a lengthy process.

Mayor Degginger called the question on the substitute motion.

→ The substitute motion to adopt Ordinance No. 5918-D, reflecting no property tax increase, carried by a vote of 4-3, with Mayor Degginger, Deputy Mayor Balducci and Councilmember Chelminiak opposed.

Dr. Davidson noted that Scenario 5, with no property tax increase, preserves the \$7.4 million in the Supplemental CIP Plan. He suggested that these funds could be used to proceed with the NE 4th Street project.

Councilmember Chelminiak recalled that the \$7.4 million in the Supplemental CIP were allocated to priorities based on extensive discussions, and it is important to spend the funds as previously committed to the community. He is looking forward to a comprehensive discussion of the operating and capital budgets next year. Mr. Chelminiak noted that the Council has now created an even larger budget shortfall in the capital plans, which will make it that much more difficult to fund projects when discussions resume next year.

Responding to Mayor Degginger, Ms. Hawn said the corresponding legislation for Scenario 5 is Resolution No. 8022-D providing for the banking of levy capacity.

- Councilmember Chelminiak moved to approve Resolution No. 8022-D, and Councilmember Robertson seconded the motion.
- The motion to approve Resolution No. 8022-D carried by a vote of 7-0.

(2) Utility Tax

City Manager Steve Sarkozy referred the Council to page 11-27 of the meeting packet for materials about proposed changes to water service charges and utility tax rates.

- Deputy Mayor Balducci moved to extend the meeting until 10:15 p.m., and Councilmember Chelminiak seconded the motion.
- The motion to extend the meeting carried by a vote of 7-0.
- Dr. Davidson moved to adopt Ordinance No. 5919-A establishing a new utility tax rate of 10.4 percent for water distribution to address fire flow capacity. Deputy Mayor Balducci seconded motion.

Councilmember Chelminiak noted that the City has increased water utilities rates over the past four years, which has increased the burden of the utility tax on the average individual ratepayer by \$17.50.

- The motion to adopt Ordinance No. 5919-A carried by a vote of 6-1, with Councilmember Chelminiak opposed.

(3) Water Service Charges Related to Fire Flow Capacity

Ordinance No. 5920 establishing revised charges for water service, water consumption, and water standby capacity; repealing Ordinance No. 5847; providing for severability; and establishing an effective date.

Mr. Sarkozy introduced proposed Ordinance No. 5920, which establishes revised charges for water service, water consumption, and water standby capacity related to maintaining fire flow capacity.

- Deputy Mayor Balducci moved to adopt Ordinance No. 5920, and Councilmember Lee seconded motion.
- The motion to adopt Ordinance No. 5920 carried by a vote of 7-0.

(4) Mid-Biennium Budget (Umbrella Ordinance)

Ordinance No. 5921 relating to the mid-biennial review and modification of the 2009-2010 biennial budget as required by RCW 35.A.34.130 and Ordinance No. 4872; adopting certain modifications to the 2009-2010 biennial budget; and establishing an effective date.

Mr. Sarkozy requested Council action on Ordinance No. 5921 relating to the Mid-Biennium Budget umbrella ordinance presented in the meeting packet.

→ Councilmember Davidson moved to adopt Ordinance No. 5921, and Councilmember Lee seconded the motion.

→ The motion to adopt Ordinance No. 5921 carried by a vote of 6-1, with Deputy Mayor Balducci opposed.

12. Unfinished Business: None.

13. Continued Oral Communications: None.

14. New Business: None.

15. Executive Session

(a) Personnel Matter

Mayor Degginger announced that the Executive Session will be moved to next week's meeting.

16. Adjournment

At 10:03 p.m., Mayor Degginger declared the meeting adjourned.

Myrna L. Basich
City Clerk

/kaw